

Australian government wracked by further leadership infighting

By Patrick O'Connor
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Australian Prime Minister Julia Gillard is facing renewed opposition to her leadership from within her own government, less than three months before the scheduled September election. Underlying the turmoil-wracked minority government is a wider crisis of the Labor Party and the entire parliamentary setup in Australia.

Labor parliamentarians yesterday met in Canberra for the final two-week session of the House of Representatives and Senate ahead of the election, regarded as the last opportunity for Gillard's opponents to remove her as leader. Last week, supporters of former Prime Minister Kevin Rudd openly canvassed for support for yet another leadership spill, following unsuccessful challenges in February 2012 and March this year. Sections of the media, especially the Murdoch press, have fuelled the crisis atmosphere, suggesting that Gillard's key allies and powerbrokers, cabinet minister Bill Shorten and Australian Workers Union secretary Paul Howes, were withdrawing support.

The Labor parliamentary caucus convened yesterday, without any challenge to Gillard, who has repeatedly insisted that she will not stand down. Tensions were so high, however, that a planned vote on changes to the way cabinet members are selected was postponed until after the election because Gillard's backers feared any discussion could open the gates for an attack on the prime minister.

Gillard reportedly urged her colleagues to "put purpose before self-interest." The internecine fighting is nevertheless continuing. Rudd has insisted that he will not take the leadership unless drafted by an overwhelming majority of the Labor caucus. Former Queensland Premier Peter Beattie unsuccessfully called on former Prime Minister Bob Hawke to intervene and somehow broker a resolution to the leadership impasse.

At least for now, Gillard retains powerful backing. Shorten and Howes insist that they remain her loyal

supporters, part of the "praetorian guard" within the Labor and trade union apparatus that installed her in a June 2010 coup. These factional powerbrokers, most of them US embassy "protected sources," ousted Rudd after Washington opposed his diplomatic efforts to mediate between the rival interests of China and US imperialism in East Asia and the Pacific. Gillard, by contrast, has unconditionally aligned Canberra with the Obama administration's aggressive "pivot" to Asia, which is aimed at strategically and militarily containing Beijing. Her ability to retain the leadership to date is in large measure because she enjoys the support of Washington.

The 2010 coup reoriented Australian foreign policy, but at the same time triggered a crisis for Gillard that has never gone away. In the August 2010 election, the hostility among working people to Rudd's anti-democratic removal was a major factor in producing the first hung parliament in 70 years and a Labor minority government, dependent on the Greens and "independent" MPs. Gillard's pro-business policies, which have produced an avalanche of job cuts and plant closures, and deep cutbacks in public spending, have only intensified the hostility felt toward Labor within the working class.

Like other social democratic parties around the world, the Labor Party junked its previous national reformist program in the 1980s and became the most ruthless enforcer of the demands of the financial and corporate elite. Between 1983 and 1996, the Hawke-Keating governments carried out an unprecedented transfer of wealth from the working class to the rich. This lurch to the right has accelerated under Rudd and Gillard. The Labor Party has lost its former base of support in the working class and is widely regarded with hatred and contempt.

As a result, the September election is set to reduce Labor to rump status within the federal parliament, as has already happened in the Queensland and New South

Wales state parliaments. Barry Cohen, a minister in the previous Labor government of Bob Hawke, last week urged that Rudd replace Gillard, to at least minimise the disaster. "If it's as bad as some predict there won't be an ALP, or at least not as presently constituted," he warned.

With the party forecast to win as few as 24 of the 150 seats in the House of Representatives, there are growing fears within the ruling elite that the Labor Party could disintegrate.

For more than a century, the Labor Party has functioned as the main prop for bourgeois rule. At every crisis point—including World War I, the Great Depression, World War II, the collapse of the post-war boom in the early 1970s, and the turn to pro-market restructuring in the 1980s—the Labor Party has been installed in office to implement the economic and geostrategic shifts required by the ruling class, while subordinating the working class to the capitalist nation state and the parliamentary setup.

Now this political instrument is breaking up under conditions of the deepest global economic breakdown since the 1930s, as well as escalating geopolitical tensions in Asia driven by Washington's "pivot." The Australian economy is facing a sharp downward turn amid slowing demand for mineral exports, especially from China, and growing signs of slump in other sections of the economy. Coming on top of Ford's announcement that it will end manufacturing in Australia, GM-Holden yesterday demanded huge cuts in labour costs in its auto plants.

Goldman Sachs issued a warning this week of a potential downturn early next year that would trigger demands for a US-style "quantitative easing," that is, the printing of huge amounts of money, by the Reserve Bank. "The risk of recession is significant," Shane Oliver, chief economist at AMP Capital Investors, told the *Wall Street Journal*. "We're now at the point where the mining investment boom is sliding away and unfortunately the other parts of the economy have not picked up enough to fill the gap."

Ruling circles are dominated by a profound sense of crisis and fears of a social explosion. While critical of the Labor government, they have little confidence in the ability of opposition leader Tony Abbott to impose their demands for social austerity on the working class if he were elected prime minister. In the first six months of 2013, the Business Council of Australia, the Minerals Council, right-wing think tanks, financial press commentators and economists such as Ross Garnaut all demanded a wholesale onslaught on every aspect of the social and economic life of the working class, whichever

party comes to office. Acutely conscious of the overwhelming opposition among ordinary people toward such a social counter-revolution, Abbott has resisted making any public endorsement of this reactionary agenda.

As far as the ruling elite is concerned, there is no clear alternative to Gillard within the Labor Party. Editorials in the major newspapers have explicitly stated that Rudd must position himself even further to the right than Gillard if he wants any hope of returning as prime minister. The unstated assumption advanced by many that Rudd could somehow salvage the situation for Labor at the next election amounts to wishful thinking. The former prime minister's touted public "popularity" is, in reality, a reflection of widespread opposition toward the anti-democratic way he was removed from office. A leadership change will do nothing to reverse the hostility within the working class toward Labor, which is the legacy of many, many decades of bitter experience.

The current impasse contains the seeds of a constitutional crisis. The minority government is propped up by two rural "independent" MPs, Tony Windsor and Rob Oakeshott, both of whom have insisted that their support for Gillard would not necessarily transfer to Rudd. If Gillard were to be removed and the two MPs withdrew their support, the government could lose its parliamentary majority. In the event of a parliamentary impasse, the Queen of England's official representative in Australia, Governor General Quentin Bryce, could intervene and appoint Abbott as prime minister ahead of an early election. The precedent for such action was set when Governor General John Kerr ousted Gough Whitlam's Labor government in the Canberra Coup of 1975.

While no challenge emerged in yesterday's meeting of the Labor caucus, the deep-going political turmoil surrounding the government and the entire political establishment will only intensify in the weeks and months ahead.

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